

## Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 EB-08 USIA-15 /046 W  
-----105559 211115Z /11

P R 210606Z FEB 78  
FM AMEMBASSY JIDDA  
TO SECSTATE WASHDC PRIORITY 1142  
INFO AMEMBASSY ABU DHABI  
AMEMBASSY ALGIERS  
AMEMBASSY AMMAN  
AMEMBASSY CAIRO  
AMEMBASSY DAMASCUS  
AMEMBASSY DOHA  
AMEMBASSY KUWAIT  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY SANA  
AMEMBASSY TEHRAN  
AMEMBASSY TRIPOLI  
AMEMBASSY TUNIS  
AMEMBASSY ATHENS  
AMCONSUL DHAHRAN  
USLO RIYADH

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E.O. 11652: N/A  
TAGS: BEXP, XF  
SUBJ: FY 80 USDOC / CAGNE TRADE PROMOTION EVENT SCHEDULE

REF: STATE 19944

1. ON BASIS THAT TP EVENTS SUGGESTED BELOW MAY BE ADJUSTED  
AS TO PRIORITY AND POSSIBLY CONTENT, POST IS PLEASED TO  
PRESENT FORWARD LOOKING APPRAISAL OF PRODUCT AND SERVICE  
TARGET AREAS FOR FY 1980.

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2. POST CONSIDERS ALL OF THE FOLLOWING TARGETS HAVE EQUAL  
PRIORITY.  
I.A. AVIONICS AND AIRPORT GROUND CONTROL EQUIPMENT.  
SAUDI ARABIA WILL BUILD AND POSSIBLY COMPLETE SOME 11  
AIRPORTS BY THE END OF 1980. THE JIDDA AIR PORT ALONE IS  
ESTIMATED TO COST \$4.3 BILLION AND WILL COVER AN AREA OF  
67 SQUARE MILES. THERE WILL BE A CHARTER (PILGRIMAGE) AS

WELL AS MAIN TERMINIAL THE MOST MODERN EQUIPMENT WILL BE PURCHASED TO FINISH THE PROJECT. ALSO, A NEW MAJOR AIRPORT FOR RIYADH IS IN THE DESIGN STAGE AND THERE WILL BE EXPANSION AT DHAHRAN. JIDDA AND RIYADH ARE EXPECTED TO HAVE MOBILE LOUNGES, THE LATEST IN FLIGHT INFORMATION COMPUTERIZED TV SCREENS, AND MOVING PASSAGE WAYS. NEW AIRPORTS AT JUBAYL, YENBO, KHAMIS MUSHEIT AND OTHER LOCATIONS WILL CREATE A LARGE MARKET FOR US MANUFACTURERS AND EXPORTERS OF THE LATEST IN AIRPORT EQUIPMENT.

B. RECOMMENDED TRADE PROMOTION VEHICLE. SPECIALIZED TRADE MISSION OR TEHRAN PROMOTION VEHICLE. SPECIALIZED TRADE MISSION OR TEHRAN TRADE CENTER EXHIBIT. TO VISIT JIDDA, RIYADH AND DHAHRAN.

C. EARLIEST POSSIBLE DATE IN FY 1980 IS 1ST OR SECOND WEEK NOVEMBER 1979 OR IMMEDIATELY AFTER HAJ SEASON WHICH ENDS O/A NOVEMBER 3 1979.

D. MARKET RESEARCH BASED ON ANY DATA BEFORE 1975 WILL BE MEANINGLESS IN SAUDI ARABIA BECAUSE OF DYNAMIC GROWTH IN THE FIELD. THE 5 YEAR PLAN IS THE BEST GUIDE TO RESEARCH FOR TARGET AREAS IN PRODUCT LINE. COMMERCE AND DEPARTMENTAL EXPERTISE IN WHAT MODERN AIRPORTS REQUIRE WILL PROVIDE BEST GUIDELINES FOR PRODUCT CONTENT. POST CAN PERFORM RESEARCH THROUGH US ENGINEERING AND DESIGN FIRMS AS WELL AS CONSTRUCTION SUPERVISING FIRMS REGARDING UNCLASSIFIED

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EQUIPMENT PLANS.

II. A. HEAVY TRANSPORT, PIPELINE AND ROAD REPAIR AND MAINTENANCE EQUIPMENT. SAUDI PLAN TO CONSTRUCT AAN 800 MILE 48 INCH OIL PIPELINE AND A SMALLER GAS PIPELINE TO THE WESTERN PROVINCE FROM THE ABQAIQ OIL FIELD IS PROCEEDING RAPIDLY AND LAWD OF THE PIPELINE CONTRACT TO A US FIRM IS EXPECTED SOON. SAUDI ARABIA IS MOVING FORWARD WITH ITS ROAD BUILDING PROGRAM TO ADD 13,5000 KILOMETERS OF NEW ROADS TO THE KINGDOM'S PRESENT NETWORK. PROPER ROAD MAINTENANCE AND SAFETY SYSTEMS HAVE HIGH PRIORITIES. HIGH ATTRITION RATES DUE TO CLIMATE AND TERRAIN MAKE REGULAR REPLACEMENT OF HEAVY TRANSPORT EQUIPMENT NECESSARY APPROXIMATELY EVERY 18 MONTHS.

B. PROMOTIONAL VEHICLE: SPECIALIZED TRADE MISSION WITH VISITS TO JIDDA AND DHAHRAN.

C. DECEMBER 15. PERIOD WILL BE AFTER HAJ AND SAUDI DECISION MAKERS WILL BE IN COUNTRY.

D. RESEARCH PRIMARILY BASED ON THE 5 YEAR PLAN CAN BE CONDUCTED BY THE EMBASSY IF ANOTHER COMMERCIAL OFFICER IS MADE AVAILABLE.

III. A. TELECOMMUNICATIONS EQUIPMENT, BY 1980 MUCH OF THE 600,000 NEW LINES FOR THE TELECOMMUNICATIONS

NETWORK BACKBONE PROJECT WILL BE IN OR NEAR OPERATION.  
THE COMPLETION OF THE PROJECT WILL CREATE A LARGE DEMAND  
FOR END-USER EQUIPMENT SUCH AS TELEPRINTERS, TELEX MACHINERY INSTITU-  
TIONAL AUTOMATIC SWITCHBOARDS, ELECTRONIC DIALING TELEPHONES,  
LINE CARE AND MAINTENANCE EQUIPMENT AND OTHER APPURTENANCES  
RELATIVE TO THE INDUSTRY, ALTHOUGH THE LARGEST OF THE  
TELECOM CONTRACTS HAS BEEN WON BY THE FOREIGN CONSORTIUM  
OF PHILIPS OF HOLLAND, BELL OF CANADA AND ERICSSON OF SWEDEN,  
THE MARKET FOR PARAPHERNALIA IS STILL OPEN.  
B. OUR FIRST RECOMMENDATION IS FOR A US SOLO EXHIBIT. TO  
BE HELD PREFERABLY AT RIYADH AND ALTERNATIVELY AT JIDDA  
IN THE SPRING OF 1980 WITH AT LEAST 30 OR 40 US EXHIBITORS.  
PREFERABLY NEW TO MARKET. IF NOT FEASIBLE WE RECOMMEND A  
SPECIALIZED TRADE MISSION.  
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C. TIME FRAME, POSSIBLY APRIL, WILL BE FREE OF HAJ OR  
RAMADAN CONFLICTING PERIOD. VALID FOR EXHIBIT OR MISSION.  
D. POST'S HUMAN RESOURCES WILL BE HARD PRESSED TO SUPPLY  
RESEARCH OTHER THAN EMPIRICAL OBSERVATION OF THE MARKET.  
IT IS RECOMMENDED THAT A MARKET STUDY BE CONDUCTED  
IN 1979 ON CONTRACT BASIS OR BY TDY ASSIGNMENT OF COMMERCE  
SPECIALIST.

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IV. A. SEWAGE AND WASTE DISPOSAL SYSTEMS AND EQUIPMENT.  
THE CITIES OF RIYADH, JIDDA, TAIF, DAMMAM, AL AKHOBAR  
AND THE PLANNED LARGE COMMUNITIES AT HAFA AL BATN  
(A \$7 BILLION PROJECT), KHAMIS MUSHEIT, JUBAYL AND YENBO  
ALL WILL REQUIRE LIQUID SEWAGE AND WASTE DISPOSAL, RIYADH'S  
PROBLEM IS ACUTE BECAUSE LIQUID SEWAGE CANNOT PERCOLATE  
DEEP AND THE CITY IS ABOUT TO BECOME A QUAGMIRE OF OVER-  
FLOWING CESSPOOLS. WATER RECYCLING FOR POSSIBLE AGRICUL-  
TURAL USE, DISPOSAL SYSTEMS, PIPING, PUMPS  
AND OTHER RELATED GOODS WILL HAVE EXCELLENT SALES POTENTIAL  
FOR THESE MUNICIPALITIES.  
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B. SPECIALIZED TRADE MISSION IS RECOMMENDED WITH STOPS AT  
JIDDA AND RIYADH WITH POSSIBLE SPIN-OFF TO DHAHRAN OF  
SELECTED PARTICIPANTS.

C. LATE JANUARY 1980 APPEARS BEST TIME FRAME SINCE SAUDI  
BUSINESS LEADERS ARE ALL HERE, WEATHER COMFORTABLE AND  
THERE ARE NO HOLIDAY CONFLICTS.

D. WITH COMMERCE GUIDELINES AND A FULL STAFF EMBASSY WILL  
BE ABLE PROVIDE BASIC RESEARCH AND IDENTIFY MAIN END USERS,  
PROJECTS AND AGENTS.

V. A. HOTEL AND INSTITUTION CATERING EQUIPMENT. THE NUMBER  
OF FIRST CLASS HOTEL ROOMS IS EXPECTED TO INCREASE ABOUT  
500 PERCENT IN THE NEXT THREE YEARS. HILTON, INTER-  
CONTINENTAL, HYATT, RAMADA AND MARRIOTT ARE NOW INVOLVED  
IN WELL SET PLANS FOR HOTELS IN JIDDA, RIYADH, DAMMAM AND  
OTHER AREAS. THE NEW JIDDA AND RIYADH AIRPORTS ARE ALSO  
EXPECTED TO HAVE LARGE HOTELS. TOURISM AREAS ARE PLANNED  
IN THE ASIR PROVINCE. SOME 150,000 IMPORTED LABORERS WILL  
BE WORKING IN YENBO, JUBAYL, AL BATN, AND OTHER LARGE  
PROJECTS PLUS 350,000 TO 400,000 IN OTHER 5 YEAR PLAN  
PROJECTS. SAG HAS ISSUED LICENSES FOR 59 NEW HOTELS.  
THE HAJ TRAFFIC CONTINUES TO GROW AND EXCEEDS SOME 2  
MILLION PILGRIMS A YEAR. THE CURRENT NEED FOR INSTITUTIONAL  
CATERING SERVICES AND EQUIPMENT IS EXPECTED TO GROW  
ENORMOUSLY NOT ONLY TO SATISFY NEW INSTALLATIONS BUT TO  
MODERNIZE EXISTING ONES WHICH WILL HAVE TO IMPROVE TO  
COMPETE. CATERING FIRMS ARE PROLIFERATING BUT AGENTS

FOR EQUIPMENT ARE SCARCE. SCHOOL ENROLLMENT IS DOUBLING YEARLY AND IT IS ESTIMATED THAT THE SCHOOL FEEDING PROGRAM, ALL PAID FOR BY THE SAG, WILL ASSUME ENORMOUS PROPORTIONS IN THE '80S.

B. IF AN EXHIBIT IS NOT CHOSEN FOR ITEM III A, TELECOMMUNICATIONS, THEN CONSIDERATION SHOULD BE GIVEN TO COVER THIS PRODUCT THEME WITH AN EXHIBIT IN JIDDA, RIYADH OR DHAHR. UNCLASSIFIED

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C. FOR LOGISTICS PURPOSES WE RECOMMENDED THE PORT CITIES IN EARLY MARCH, POSSIBLY WITH THE SAUDI FAIR ORGANIZATION SITIFO IF ACCEPTABLE TERMS CAN BE ARRANGED. NO CONFLICT WITH OTHER HOLIDAYS OR EVENTS IF HELD AT DHAHRA. (NOTE JIDDA FAIR IS SCHEDULED MARCH 15 TO 29, 1978.

D. WITH COMMERCE GUIDELINES AND POSSIBLY 3 WEEK TDY BY COMMERCE SPECIALIST EMBASSY CAN PREPARE APPROPRIATE MARKET RESEARCH AND IDENTIFY BUYERS AGENTS AND VOLUME OF MARKET.

3. THE ABOVE FIVE PRODUCT CATEGORIES APPEAR TO PRESENT BEST POTENTIAL FOR FY80. IF THEMES DO NOT MESH WITH OTHER AREA POSTS PROJECTIONS AND IF FOLLOWING PRODUCT LINES CANNOT BE ADQUATELY COVERED IN FY 79 WE SUGGEST ANY ONE AS FALL BACK TRADE PROMOTIONS:

- INDUSTRUAL MATERIALS HANDLING EQUIPMENT
- INDUSTRIAL AND RESIDENTIAL FURNITURE
- HEALTH CARE AND HOSPITAL EQUIPMENT
- ELECTRONIC COMPUTER SYSTEMS AND EQUIPMENT SOFTWARE SYSTEMS
- FOOD AND FOOD PROCESSING
- WATER RESOURCES EQUIPMENT
- OFFICE AND BUSINESS EQUIPMENT
- EDUCATIONAL AND CLASSROOM EQUIPMENT

4. WE REGRET LATE SUBMISSION BUT SCOPE OF MARKET AND VARIETY OF POTENTIAL REQUIRED MORE THOROUGH STUDY FOR A 1980 PROGRAM. WE EMPHASIZE THAT TRADE EVENTS SHOULD BE SPACED AT LEAST 30 DAYS APART IN ORDER FOR POST AND CONSTITUENTS TO PROVIDE MOST EFFECTIVE PROMOTIONAL EFFORTS WITH RESOURCES AVAILABLE.  
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## Message Attributes

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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014